

INCOMING TELEGRAM

Department of State

ACTION COPY

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54

CONFIDENTIAL

12-5-60

Action

Classification

Control: 910

FE

Rec'd: December 2, 1960
6:15 a.m.

Info

FROM: Djakarta

SS

TO: Secretary of State

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NO: 1572, December 2, 11 a.m.

EUR

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UMSC

DEPTEL 186

UIGC

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RMR

Note dated November 28 from Department of Foreign Affairs re 3-year PL480 Program gives breakdown of commodities and requests that negotiations be initiated soonest. Copy being airpouched. Commodities in million US dollars are: For 1961 rice 20, domestic use cotton 5.6, processing cotton 40; for 1962 rice 20, domestic use cotton 8.4, processing cotton 50, dairy products 0.5; for 1963 rice 15, domestic use cotton 13.5, processing cotton 55. Total 3-year Program including rough estimate ocean transportation (12) is 240. Dairy product requested is whole powdered milk for use during 1962 Asian games.

Embassy strongly recommends full consideration be given requests for rice and cotton for 3 years. Food situation and economy require these commodities. Three-year Program positive assistance longer range planning and will ensure vitally needed rice and cotton goods through 1963.

Comment as result discussions in cabinet, President has reiterated long-standing opposition to grant aid and has specifically rejected same in future PL480 Programs. While seems possible Djuanda may seek to moderate President's view, Foreign Office has been instructed negotiate on basis loans, only, no grants. On instructions Djuanda, Foreign Office requests most favorable terms for loans such as: 85 percent total currencies generated (same as India); lower interest rates (observed that USSR rate was 2 and one-half percent but only for 15 years); longer repayment schedule, preferably 80 years; and increased grace period, preferably 8 years. Minister of Finance who accepted November 5, 1960 agreement under protest (against higher deposit rate

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ACTION	ASSIGNED TO	NAME OF OFFICER	OFFICE SYMBOL	ACTION TAKEN	DATE OF ACTION	DIRECTIONS TO RMR
		SPATE		Depotel 986	12/27/60	

Document must be retained in the RM/R Central Files

611.9841/12-260

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Authority NND 949570
By NARA Date 8/4/00

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-2- 1572, December 2, 11 a.m., from Djakarta

deposit rate) believes deposit rate should be negotiated, preferably to 45 to 1. Ponsen, Foreign Aid Chief, Department Foreign Affairs, in absence of grants and to compensate for higher deposit rate (unless negotiated downward) hopes for reduction of prices even below world prices.

JONES

HMR/3

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Authority NND 949570
By CP NARA Date 8/4/00

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1960 DEC 27 PM 2 24

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Origin
Info

SENT TO: Amembassy DJAKARTA 986

Your 1572

611.9841/12-260
XR 411.9841

Advantages of multi-year PL 480 programming for GOI in terms budget planning and other considerations appreciated here. However, preliminary discussions of refuel reveal serious problems.

Variability in annual US supply and outlook for commodities requested precludes multi-year commitments in foreseeable future. All commodities requested quite likely to be available on an annual basis in quantities to meet most of GOI requirements with due consideration to usual marketings and consultations.

Funds under current authority to finance Title I sales agreements will be close to exhaustion before new Congress can increase authorization. Per Babel 1757 will proceed with GOI rice supplemental request along with other applications received when expected rice availability for January-June period becomes firm after first of the year. Should favorable

consideration result, undoubtedly there would be a requirement to insure firm contracts before March 1. After August 1 consideration would be given to balance of refuel CY 1961 rice request for \$20 million (approximately 150,000 MT). Cotton request can be considered only after Congress increases funds.

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Drafted by: SWPhillips/FAS 12/27/60

Telegraphic transmission and classification approved by:

DC/T:EKNewton:fmh
Agr.: FMO'Leary

Clearances: FJarvis (SPA/E) - State
GHazard (CSD) - State
RCleveland (SEA) - State

KBitterman (S/Food) - ICA
Duro - ICA (in substance)
Sullivan - ICA (in substance)

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Classification

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611.9841/12-260

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Authority NND 949570
By GPO NARA Date 8/4/00

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Page 2 of telegram to DJAKARTA

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No likelihood of downward negotiation 56.25 rupiah rate nor acceptance
Djuanda request loan terms.

Commodity prices are determined between GOI buyers and US suppliers.

Merchant **MERCHANT**

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Authority NND 949570
By GP NARA Date 8/4/00

Air Pouch		CONFIDENTIAL (Security Classification)		DO NOT TYPE IN THIS SPACE	
PRIORITY		FOREIGN SERVICE DESPATCH		611.9841/12-760 411.9841	
FROM :	Amembassy DJAKARTA	437	DESP. NO.		
TO :	THE DEPARTMENT OF STATE, WASHINGTON.	December 7, 1960			
REF :	Embtel 1572	DEC 9 - 1960			
ACTION		DEPT.			
For Dept.	FE-4	Rm. 2 L-2 H-1 EWR-5 E-7 U/MSC-3 (CA-1)			
Use Only	REC'D	12/9 DEC-1 CIA-10 COM-10 BDB-1 PRB-3			
SUBJECT: Transmittal of Note No. 1435/60/06					

In the reference Embassy telegram it was stated that a copy of the note from the Department of Foreign Affairs requesting a three-year PL 480 program (for 1961, 1962 and 1963) would be airpouched. Five copies of the Department of Foreign Affairs' Note No. 1435/60/06 are forwarded as Enclosure No. 1 of this despatch.

NOTE: The "CONFIDENTIAL" classification refers only to the referenced telegram. The enclosure should be handled as "OFFICIAL USE ONLY" even though it has been received "UNCLASSIFIED."

For the Ambassador:

Enclosure:

As stated.

Jack W. Lyman
Acting Deputy Chief of Mission

Assigned to SPARE
JAN 10 1961
BUREAU OF
EASTERN AFFAIRS
DEC 10 1960
FILE

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REPORTER

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611.9841/12-760

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Authority NND 949570
By GPO NARA Date 8/4/00

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DEPARTEMEN LUAR NEGERI
REPUBLIK INDONESIA

Nov.: 1435/60/06

Enclosure No. 1 Despatch No. 482
Dated Dec. 7, 1960 from Jakarta,

AGRIC The Department of Foreign Affairs of the Republic of Indonesia presents its compliments to the Embassy of the United States of America and has the honour to refer to the Department's Note No. 993/60/06 dated July 21, 1960, concerning a long-term (3-year) Surplus Agricultural Commodities Agreement between the Government of the Republic of Indonesia and the Government of the United States of America .

The Department of Foreign Affairs has the honour to forward herewith for due consideration of the Government of the United States of America, a breakdown of the commodities which the Government of Indonesia wishes to purchase within the scope of a long-term (3-year) Surplus Agricultural Commodities Agreement, as follows :

(in million US \$)				
	1961	1962	1963	Total
a . Rice	\$ 20.-	20.-	15.-	55.-
b . Cotton :				
- domestic	5.6	8.4	13.5	27.5
- triangular	40.-	50.-	55.-	145.-
c . Dairy Products	-	0.5	-	0.5
Ocean Transportation P.M.		P.M.	P.M.	12.-
				\$ 240.-

It would be highly appreciated if negotiations on this subject could be initiated at the earliest possible date.

The Department of Foreign Affairs of the Republic of Indonesia avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration .-

Djakarta , November 28, 1960.-

THE EMBASSY OF THE UNITED STATES

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Authority NND 949570
By GPO NARA Date 8/4/00

INCOMING TELEGRAM

Department of State

ACTION COPY

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Action

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Classification

Control: 4063

Rec'd: December 7, 1960
9:49 p.m.

AGR

Info

FROM: Djakarta

L

TO: Secretary of State

FE

E

NO: 1650, December 8

ICA

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DEPTEL 736

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TRSY

Names of processing countries for inclusion cotton PA are:
Japan, Singapore, Yugoslavia. Understand \$550,000 already
earmarked Singapore.

RMR

JONES

RJC

611.9841/12-860

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IN PK-DCT
12-8-60

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ACTION ASSIGNED TO.		ACTION TAKEN	
NAME OF OFFICER		DATE OF ACTION	DIRECTIONS TO RM/R
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Authority NND 949570
By GP NARA Date 8/4/00

Dec. 21, 1960

RM/R
Rm. 1438
NS/E

Since the enclosures to the attached letter of Dec. 8, 1960 from the Embassy at Djakarta constitute an international agreement, the letter should be filed in RM/R.

Jean Espe
L/T



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

American Embassy,
Djakarta, Indonesia,
December 8, 1960.

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OFFICIAL-INFORMAL

Dear Sir:

An exchange of notes dated December 7, 1960, amends the 1956 P.L. 480 agreement between the Government of the United States and the Government of Indonesia. The signed original of the Government of Indonesia's confirming Note No. 1475/60/06 as well as a certified copy of the Embassy's Note No. 296 are forwarded with this letter.

Sincerely yours,

Jack W. Lydman
Acting Deputy Chief of Mission

Enclosures:

1. Government of Indonesia Note No. 1475/60/06 dated December 7, 1960.
2. Embassy Note No. 296 dated December 7, 1960.

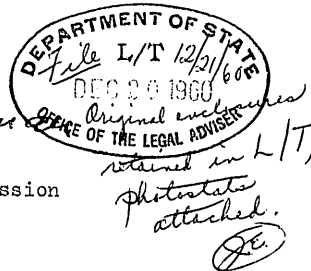
Assistant Legal Adviser for Treaty Affairs,
Department of State,
Washington 25, D. C.

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Est. [initials]

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JAN - 4 1961

611.9841/12-860

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Authority NND 949570
By GPO NARA Date 8/4/00



Djakarta, December 7, 1960.-

No. : 1475/60/06

I have the honour to acknowledge receipt of your Excellency's Note No.: 296, which reads as follows :

"I have the honour to refer to recent discussions concerning the Agricultural Commodities Agreement between the United States of America and the Republic of Indonesia signed at Djakarta March 2, 1956, as amended. Pursuant to these discussions, I have the honor to propose that the agreement be further amended as follows :

1. In order to reflect more properly the applicable exchange rate, substitute "31,131,461" for "205,205,000" in the first sentence of paragraph 1 (A) of Article II, and substitute "\$65,081,339" for "332,725,000" in the first sentence of Paragraph 1 (E) of that Article.

2. In the first sentence of paragraph 1 (E) of Article II, insert after "the Act" the phrase "and for grants to the Government of Indonesia under Section 104 of that Act."

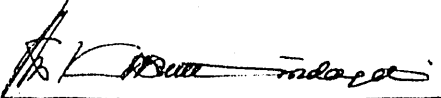
I have the honor to propose that, if these amendments are acceptable to your Excellency's Government, this note and Your Excellency's note in reply concurring therein shall constitute an agreement between our two Governments further amending the agreement of March 2, 1956, which shall enter into force on the date of Your Excellency's note."

I have the honour to confirm that the above understanding is correct.

Accept, Excellency, the assurances of my highest consideration.

His Excellency,
Howard P. Jones
Ambassador Extraordinary
and Plenipotentiary of
the United States of America

Djakarta.-


R. Suwito Kusumowidagdo
Secretary General
Department of Foreign Affairs.

For 611-78 41/12/86

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Authority NND 949570
By CP NARA Date 8/4/00

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

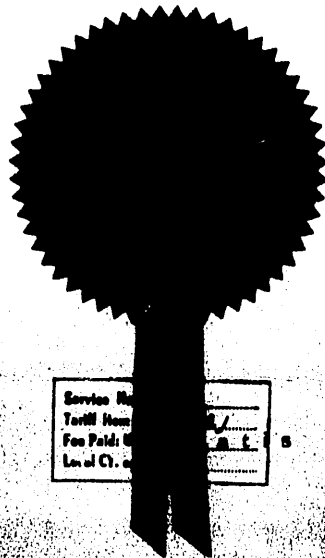
REPUBLIC OF INDONESIA
ISLAND OF JAVA
CITY OF DJAKARTA
EMBASSY OF THE UNITED STATES
OF AMERICA

SS:

I, Dorothy V. Broussard, Consul of the United States
of America at Djakarta, Java, Indonesia, duly commissioned and
qualified, do hereby certify that the annexed copy of note
No. 296 dated December 7, 1960, from the Ambassador of the
United States of America to the Secretary General of the
Department of Foreign Affairs of the Republic of Indonesia,
is a true and correct copy of the original, the same having
been carefully examined by me and found to agree word for
word and figure for figure with the said original.

IN WITNESS WHEREOF I have hereunto set my hand and
caused the seal of the Embassy of the United States of
America at Djakarta, Java, Indonesia, to be affixed this
ninth day of December, 1960.

Dorothy V. Broussard
Dorothy V. Broussard
Consul of the United States of America
at Djakarta, Java, Indonesia



FOI 611-9841/12-860

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DECLASSIFIED
Authority NND 949570
By GP NARA Date 8/4/00

No. 296

Djakarta, December 7, 1960

Excellency:

I have the honor to refer to recent discussions concerning the Agricultural Commodity Agreement between the United States of America and the Republic of Indonesia signed at Djakarta March 2, 1956, as amended. Pursuant to these discussions, I have the honor to propose that the agreement be further amended as follows:

1. In order to reflect more properly the applicable exchange rate, substitute "\$11,618,661" for "\$25,905,000" in the first sentence of paragraph 1 (A) of Article II, and substitute "\$65,081,339" for "\$70,795,000" in the first sentence of paragraph 1 (B) of that Article.

2. In the

His Excellency

R. Suwito Kusumowidagdo,

Secretary General,

Department of Foreign Affairs,

Djakarta.

EW 611.9841/12-860

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Authority NND 949570
By GPO NARA Date 8/4/00

- 2 -

2. In the first sentence of paragraph 1 (B) of Article II, insert after "the Act" the phrase "and for grants to the Government of Indonesia under Section 104 of that Act."

I have the honor to propose that, if these amendments are acceptable to Your Excellency's Government, this note and Your Excellency's note in reply concurring therein shall constitute an agreement between our two governments further amending the agreement of March 2, 1956, which shall enter into force on the date of Your Excellency's note.

Accept, Excellency, the renewed assurances of my highest consideration.

Howard P. Jones
Ambassador Extraordinary
and Plenipotentiary

COWinberg:jfp

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Authority NND 949570
By CP NARA Date 8/4/00

INCOMING TELEGRAM

Department of State

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PERMANENT RECORD COPY

45

CONFIDENTIAL

Action
FE

Classification

Control: 4782

Rec'd: December 9, 1960
1:31 a.m.

Info

FROM: Djakarta

SS

TO: Secretary of State

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NO: 1664, December 9, 10 a.m.

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UMSC

Department telegram 747.

UIGC

ICA

Notes amending 1956 PL-480 agreement dated December 7.

DLF

Texts being airpouched.

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611.9841/12-960

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DEC 10 1960
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By [Signature] NARA Date 8/4/00

INCOMING TELEGRAM

Department of State

CSD, Mellen

ACTION COPY

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35-W

Action

CONFIDENTIAL

Classification

Control: 11710

Rec'd: December 21, 1960
10:43 a.m.

E

Info

FROM: Djakarta

SS

T0: Secretary of State

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NO: 1804, December 21, 1 p.m.

FE

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RMR

In meeting with Subandrio December 23 anticipate enquiry re status his request new 3-year PL 480 program outlined EMBTEL 1572. Would appreciate guidance especially on practicability 3-year concept, composition and estimated date negotiations can be initiated for new program.

JONES

DECEMBER 21 1960
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611.9341/12-2160

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DEPARTMENT OF
STATE

1960 DEC 21 40 PM
MESSAGE CENTER

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